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TV2U INTERNATIONAL LIMITED ANNOUNCES CONVERTIBLE NOTE ISSUE.

TV2U International Limited (ASX: TV2) (the **Company**) advises that it has signed a further funding agreement with MEF I, L.P. (**Investor**) (**Convertible Note Agreement**). A summary of the terms of the convertible notes are set out at Annexure 1 to this announcement (**Convertible Note Terms**).

Under the Convertible Note Agreement the Company proposes to issue \$US denominated convertible notes with a face value of US\$1.10 each, at a 10% discount (**Convertible Notes**), for the purposes of raising funds for the Company's general corporate and working capital purposes.

The Convertible Notes are proposed to be issued in three separate tranches of Convertible Notes to the Investor. These are:

1. **Tranche C Convertible Notes** – In Tranche C the Company proposes to issue (within its ASX listing rule 7.1 placement capacity) 462,000 Tranche C Convertible Notes at an issue price of US\$1.00 per Tranche C Convertible Note to the Investor, subject to satisfaction of certain conditions precedent described further in the Convertible Note Terms, to raise the US\$ equivalent of A\$600,000. In the absence of obtaining certain shareholder approvals in relation to the Tranche C Convertible Notes, a fixed A\$/US\$ exchange rate of 0.770 and a fixed minimum conversion price of \$A0.005 will apply in relation to the conversion of Tranche C Convertible Notes. If certain shareholder approvals are obtained in relation to the Tranche C Convertible Notes, they will be convertible into ordinary shares on the same terms as any Tranche D Convertible Notes and Tranche E Convertible Notes that are issued.
2. **Tranche D Convertible Notes** – In Tranche D the Company proposes to issue a number of Tranche D Convertible Notes at an issue price of US\$1.00 per Tranche D Convertible Note to be issued subject to satisfaction of certain conditions precedent described further in the Convertible Note Terms (but including the receipt of the necessary shareholder approvals) to raise the US\$ equivalent of \$1,000,000. The number of Tranche D Convertible Notes that may be issued will depend on the A\$/US\$ exchange rate at the date of issue.
3. **Tranche E Convertible Notes** – In Tranche E, subject to certain conditions precedent described in the Convertible Note Terms (but including the receipt of the necessary shareholder approvals), the Company may give a written notice to the Investor by no later than 20 November 2017 requiring the Investor to subscribe for a number of Tranche E Convertible Notes on a specified date between 1 December 2017 and 8 December 2017 to raise the US\$ equivalent of A\$1,400,000. The number of Tranche E Convertible Notes issued depends on the A\$/US\$ exchange rate at the date of issue.

Convertible Notes that are not redeemed or converted into ordinary shares, will mature 12 months after they are issued except in the case of the Tranche C Convertible Notes where, if the necessary shareholder approvals are not obtained on or before the date that is 60 days after their date of issue, the maturity date will be reduced to 6 months after their issue date.

Convertible Notes will automatically convert into shares on maturity, unless the Investor elects (at least 5 business days' before maturity) for those Convertible Notes to be redeemed, in which case the Company must pay the face value of each such Convertible Note to the Investor.

Except as described in item 1 above in relation to the Tranche C Convertible Notes, each Convertible Note will be convertible into ordinary shares in the Company, at the option of the Investor at the lower of an agreed floor price or at a price equal to 90% of the average of the four (4) lowest daily VWAPs over the ten (10) Trading Day period on which trading in shares occurred on ASX immediately prior to the election to convert.

GLOBAL OFFICE LOCATIONS

UNITED KINGDOM
MALAYSIA

HONG KONG
SYDNEY

INDONESIA
PERTH

The agreed floor price at the time of conversion will be the lower of:

- A\$1.8 cents per share, subject to this amount being permanently increased to:
 - if the VWAP of Shares is above \$A0.025 for more than 5 consecutive trading days, A\$0.025; and
 - if the VWAP of Shares is above A\$0.030 for more than 5 consecutive trading days, A\$0.030; and
- the lowest price at which the Company issues shares during the term of the Convertible Notes (other than pursuant to the conversion of the existing convertible notes on issue or other Convertible Notes, an entitlement offer, or the exercise of any outstanding performance shares on issue).

It will be necessary for the Company to lodge a prospectus in relation to the issue of the Tranche C and Tranche D Convertible Notes with ASIC, which is expected to occur shortly.

The Company also proposes to convene an extra ordinary general meeting of the Company to seek the relevant shareholder approvals in relation to the Convertible Notes.

ANNEXURE 1 - CONVERTIBLE NOTE TERMS

Offer price for each Convertible Note	Each Convertible Note will be issued for the A\$ equivalent of US\$1.00, payable to the Company on the issue of the relevant Convertible Notes.
Face Value of each Convertible Note	Each Convertible Note will have a face value of US\$1.10.
Use of funds	The Company must apply the total amount subscribed for the Convertible Notes towards the Company's working capital and general corporate purposes.
Tranche C Convertible Notes and conditions to issue	<p>The Tranche C Convertible Notes will be issued within the Company's ASX Listing Rule 7.1 placement capacity.</p> <p>The issue of the Tranche C Convertible Notes is subject to a number of conditions precedent, including the Investor receiving:</p> <ul style="list-style-type: none">• a confirmation from the Company that the representations and warranties under the Convertible Note Agreement are true and correct and not misleading as at the issue date of the Tranche C Convertible Notes and that no event of default has occurred or would result from the proposed issue of Tranche C Convertible Notes;• the Company confirming that all regulatory approvals are obtained, including confirmation under the ASX listing rules regarding the treatment of the Convertible Notes and lodgement with ASIC of a prospectus prepared in accordance with section 713 of the Corporations Act (and, in connection with the Convertible Notes, as notionally modified by ASIC Corporations Instrument 16/83);• the Company paying up to \$7,500 to the Investor in respect of its legal and diligence costs relating to the Convertible Note Agreement; and• all other information, documents, searches or enquiries as reasonably requested by the Investor. <p>Under the Convertible Note Agreement, the Company is required, after the issue of the Tranche C Convertible Notes, to seek the approval of the Company's Shareholders in relation to the terms of issue of the Tranche C Convertible Notes (Tranche C Shareholder Approval). If the Tranche C Shareholder Approval is obtained, the issue of the Tranche C Convertible Notes in accordance with their terms of issue, the fixed A\$/US\$ exchange rate and the fixed minimum conversion price will cease to apply.</p>
Tranche D Convertible Notes	<p>The Tranche D Convertible Notes will be issued following receipt of the necessary approvals of the Company's shareholders, up to a maximum investment of the US\$ equivalent of A\$1,000,000.</p> <p>The conditions precedent to the issue of the Tranche D Convertible Notes include:</p> <ul style="list-style-type: none">• the issue of the Tranche C Convertible Notes and the Company obtaining the Tranche C Shareholder Approval;• the Company giving notice of the proposed issue date, provided that it is no later than 60 days after the issue date of the Tranche C Convertible Notes;• no default event has occurred or would result from the proposed issue of the Tranche D Convertible Notes;• the Company obtaining all necessary board and shareholder approvals in respect of the issue of the Tranche D Convertible Notes (and their subsequent conversion);

	<ul style="list-style-type: none"> the Company paying up to a further \$7,500 to the Investor in respect of its legal and diligence costs relating to the Convertible Note Agreement; none of the following 'Opt-Out Events' occurring: <ul style="list-style-type: none"> the Company being unable to issue shares to the Investor on conversion of the Convertible Notes; the VWAP of the Company's shares over 3 consecutive trading days being less than A\$0.015; or the daily trading value of the Company's shares for any 20 consecutive trading day period being less than A\$75,000; and the provision of all other information, documents, searches or enquiries as reasonably requested by the Investor.
Tranche E Convertible Notes	<p>Subject to the Company obtaining the relevant shareholder approvals for the amendment of the terms of the Tranche C Convertible Notes and the issue of the Tranche D Convertible Notes and these Tranche E Convertible Notes, and the satisfaction of other conditions precedent relating to the Tranche C and Tranche D Convertible Notes, the Company may give written notice to the Investor by no later than 20 November 2017, requiring the Investor to subscribe for the Tranche E Convertible Notes up to a maximum investment of the US\$ equivalent of A\$1,400,000, on a specified date between 1 December 2017 and 8 December 2017.</p> <p>The Company's right to require the Investor to subscribe for the Tranche E Convertible Notes is also subject to:</p> <ul style="list-style-type: none"> the Company providing the Investor with evidence in a form and substance satisfactory to the Investor (acting reasonably) that the Company has obtained all necessary approvals from its board of directors and all other necessary approvals from its Shareholders, in respect of the issue of the Tranche E Convertible Notes (and their subsequent conversion) (including, without limitation, any approvals required under Listing Rule 7.1); and no default or Opt-Out Event (as described in the row above) occurring under the Convertible Note Agreement. <p>However, if the Company does not require the Investor to subscribe for the Tranche E Convertible Notes then, at the Investor's election, either:</p> <ul style="list-style-type: none"> the Company must pay a fee to the Investor of 3% of the investment amount applicable to the Tranche E Convertible Notes or issue a number of shares to the Investor of an equivalent value based on the 5-day VWAP prior to 20 November 2017; or increase the Investor's daily trading limitation from \$15,000 to \$25,000 (see further the 'Covenants' row below). <p>The Investor shall notify the Company no later than 2 October 2017 of its election as to which of the above alternatives it chooses in the event that the Company does not subscribe for the Tranche E Convertible Notes by 20 November 2017.</p>
Maturity Date	<p>In relation to the Tranche C Convertible Notes:</p> <ul style="list-style-type: none"> if the Tranche C Shareholder Approval is obtained on or before the date that is 60 days after their date of issue, the date that is 12 months after the issue date; or if the Tranche C Shareholder Approval is not obtained on or before the date that is 60 days after their date of issue, the date that is 6 months after the issue date. <p>In relation to the Tranche D and Tranche E Convertible Notes, the date that is 12 months after their relevant issue date.</p>
Interest	There is no interest payable on the Convertible Notes. However, the Convertible Notes are issued at a 10% discount to the Face Value.
Conversion	The Investor may elect to convert part or all of their Convertible Notes at any time after the date of issue of the relevant Convertible Note and prior to the relevant Maturity Date, provided that the total Face Value of the Convertible Notes being converted is not less than the US\$ equivalent of \$A50,000.
Voting and dividends	The Convertible Notes do not carry any rights to vote at a general meeting or to receive dividends.
Security	The Convertible Notes are unsecured.

Conversion Shares	<p>On Conversion, the Company must issue the number of shares calculated in accordance with the following formula.</p> $A = (N \times V) / CP$ <p>Where:</p> <p>A means the number of Shares issued on Conversion;</p> <p>N means the number of Convertible Notes specified in the conversion notice;</p> <p>V means the aggregate Face Value of the Convertible Notes specified in the Conversion Notice, in A\$, applying the relevant A\$/US\$ exchange rate at the time (except that the A\$/US\$ exchange rate that will be applied in relation to the conversion of Tranche C Convertible Notes will be 0.770, unless the Tranche C Shareholder Approval is obtained in relation to the Tranche C Convertible Notes); and</p> <p>CP means the Conversion price being the lower of:</p> <ul style="list-style-type: none"> • the 'Floor Price', being the lower of: <ul style="list-style-type: none"> ○ A\$0.018, subject to being permanently increased to: <ul style="list-style-type: none"> ▪ if the VWAP of shares is above \$A0.025 for more than 5 consecutive trading days, A\$0.025; and ▪ if the VWAP of shares is above A\$0.030 for more than 5 consecutive trading days, A\$0.030; and ○ if the Company has issued shares to any other person during the term of the Convertible Notes for a price below the price specified in the bullet points above in effect at the relevant time, the lowest price at which any such shares were issued; and • a price equal to 90% of the average of the four (4) lowest daily VWAPs over the ten (10) trading day period on which trading in shares occurred on ASX immediately prior to the relevant conversion date, <p>provided that, in relation to Tranche C Convertible Notes, unless and until the Tranche C Shareholder Approval has been obtained in relation to the Tranche C Convertible Notes, the Conversion price applicable to Tranche C Convertible Notes will be no less than A\$0.005.</p>
Ranking	<p>Until Conversion, the Convertible Notes will be unsecured debt obligations of the Company and rank equally with other unsecured creditors of the Company.</p> <p>The Shares to be issued pursuant to the exercise of the Convertible Notes will, on issue, rank pari passu with all other Shares of the Company.</p>
Reconstructions and reorganisations	<p>If there is a reorganisation, reconstruction, consolidation, sub-division or bonus-issue of the capital of the Company, the Convertible Notes and any Shares to be issued on Conversion will be reorganised, reconstructed, consolidated or sub-divided on the same basis so that the Investor is treated in the same manner as other the other Shareholders in the Company.</p>
Redemption	<p>On the relevant Maturity Date, the Convertible Notes will automatically convert into Shares, unless the Investor has provided at least 5 business days' notice to the Company prior to that Maturity Date that the Convertible Notes are to be redeemed, in which case the Company must redeem such Convertible Notes for the Face Value of those Convertible Notes.</p>
Early redemption of Convertible Notes by the Company	<p>The Company can elect to redeem any Convertible Notes early by providing 5 business days' notice to the Investor. The Convertible Notes must be redeemed for an amount equal to 110% of the Face Value of the Convertible Notes (payable in US\$ or A\$).</p>
Participation Rights	<p>The Convertible Notes do not carry a right to participate in any pro-rata offer by the Company. However, the Company will give the Investor notice of any such new issue at least seven Business Days before the record date for determining entitlements to the new issue.</p> <p>Further, if the Company makes a pro-rata offer of Shares, if and only to the extent that the Company has placement capacity under ASX Listing Rule 7.1 and 7.1A (as applicable) and the making of the offer would not require the approval of Shareholders or other material regulatory approvals or impose a material burden on the Company, the Company must make an offer to the Investor on terms which correspond with the offer the Investor would have received in respect of the Shares had all of the Convertible Notes held by the Investor been converted into Shares immediately prior to the Company making the pro-rata offer.</p>
Events of default	<p>The Convertible Note Agreement includes typical events of default, including the following:</p>

	<ul style="list-style-type: none"> the Company materially breaching the terms of the Convertible Note Agreement (or the convertible note agreement entered into between the Investor and the Company on or about 15 May 2017), the <i>Corporations Act 2001</i> (Cth) or the ASX Listing Rules; a representation or warranty of the Company made in the Convertible Note Agreement being untrue or misleading in any material respect; the Company failing to pay any financial indebtedness when due, in excess of A\$100,000; the insolvency or winding up of the Company (voluntary or otherwise) or a receiver or controller being appointed to or taking possession of the assets of the Company; the Company being suspended from quotation on ASX for a period of more than 20 trading days; the Company repudiating the Convertible Note Agreement or the provisions of the Convertible Note Agreement being unlawful or vitiated; or a material adverse effect occurring in relation to the Company, its subsidiaries and its business taken as a whole.
Covenants	<p>The Convertible Note Agreement includes typical covenants from the Company including requiring that the Company and its subsidiaries (without the prior consent of the Investor):</p> <ul style="list-style-type: none"> do not incur financial indebtedness other than in the ordinary course of business; do not enter into any amalgamation, demerger or merger; ensure that no substantial change is made to the general nature of their business; and do not sell, lease, transfer or otherwise dispose of any asset other than in the ordinary course of business. <p>The Investor has covenanted under the Convertible Note Agreement to not engage in any short selling of shares acquired by it in connection with the Convertible Note Agreement, and to not sell more than the greater of A\$15,000 of Shares (subject to adjustment as described in the 'Tranche E Convertible Notes' row above) or 15% of the market traded volume of Shares on the ASX on the relevant trading day. However, these covenants cease to apply if the daily VWAP of the Shares falls below A\$0.012 for any five (5) consecutive trading days on ASX.</p>
Consequences of an event of default	<p>If an event of default occurs and is still continuing on the 12th business day following the occurrence of the event of default:</p> <ul style="list-style-type: none"> the Investor may declare all outstanding moneys immediately due and payable and / or terminate its obligations under the Convertible Note Agreement; the Company indemnifies the Investor; and the face value of the issued Convertible Notes are increased by 6%, which the parties agree is a genuine pre-estimate of the loss that would be suffered by the Investor in the event that an event of default occurs.
Quotation	<p>The Convertible Notes will not be quoted on the ASX. However, the Company will apply for the new Shares issued on the conversion of the Convertible Notes to be quoted on the ASX.</p>
Transferability	<p>The Convertible Notes are not transferrable to a third party, except after an event of default has occurred.</p>
Circumstances where Convertible Notes are debt instruments only	<p>Notwithstanding any other provisions of the Convertible Note Agreement, if in the reasonable opinion of the Company a Convertible Note is or becomes incapable of being converted into a Conversion Share, or the Conversion of a Convertible Note will result in a breach of the Corporations Act, the ASX Listing Rules or any other law, the Company can refuse to convert that Convertible Note and that Convertible Note is solely a debt instrument which contains no right of conversion.</p> <p>In the event that any Convertible Notes are debt instruments as contemplated above and a conversion notice has been issued, the Company may elect to either:</p> <ul style="list-style-type: none"> provide the Investor with a cash payment in lieu of those Shares the Company is unable to issue in US\$ equal to 110% of the Face Value of the relevant Convertible Notes, and cancel those Convertible Notes; or convene and hold a meeting of Shareholders within 60 days of the date of receiving the relevant conversion notice to approve the issue of additional Shares as necessary to comply with the terms of the Convertible Note Agreement.

INVESTOR ENQUIRIES:

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ABOUT TV2U

TV2U is a global complete entertainment platform that enables businesses, such as telecommunications companies, to quickly and easily offer streaming content to their customers. The service includes movies, television programs, karaoke content and games through an encrypted channel for enhanced copyright protection. TV2U also offers unique real-time viewership analytics to enable businesses to send highly targeted advertising to end-users to maximise their revenue streams. TV2U is changing the face of online entertainment and advertising.